CASTLE & COOKE, INC.

Report for the Fiscal Period Ended December 31, 1972

Financial Highlights

Operations	**Nine Months Ended December 31, 1972**	Nine Months Ended December 31, 1971	Year Ended March 31, 1972
		(Unaudited)	
Revenues	**$449,683,000**	$409,820,000	$536,863,000
Income before extraordinary items	**13,525,000**	7,175,000	10,808,000
Extraordinary items	**(1,445,000)**	—	934,000
Net income	**12,080,000**	7,175,000	11,742,000
Earnings per common share, assuming no dilution:			
Income before extraordinary items	**1.10**	.61	.90
Extraordinary items	**(.12)**	—	.08
Net income	**.98**	.61	.98
Earnings per common share, assuming full dilution:			
Income before extraordinary items	**1.08**	.61	.90
Extraordinary items	**(.11)**	—	.08
Net income	**.97**	.61	.98
Cash dividends	**5,525,000**	5,451,000	7,273,000
Per share	**.45**	.45	.60
Average number of common shares outstanding	**12,259,855**	11,855,719	11,936,587

At Year End	**December 31, 1972**	March 31, 1972
Working capital	**$128,301,000**	$114,274,000
Total assets	**563,480,000**	537,520,000
Long-term debt	**157,399,000**	164,063,000
Stockholders' equity	**224,041,000**	216,688,000
Per share	**18.21**	17.84
Number of common shares outstanding	**12,305,127**	12,148,680
Number of stockholders	**21,328**	21,551

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Annual Meeting

The annual meeting of stockholders will be held on June 8, 1973 at 8:30 a.m. in the Company's headquarters, 130 Merchant St., Honolulu, Hawaii. Stockholders of record at the close of business April 13 will be entitled to vote at the meeting. A formal notice of the meeting, together with a proxy statement and form of proxy, will be mailed about April 25. Prompt return of your proxy at that time will be appreciated.

Letter To Stockholders

The 1972 year was one of positive change for Castle & Cooke, Inc. Some of these major changes were:

- Consolidation of the administration of our food operations, begun in the fall of 1971, was completed in mid-1972. The new Castle & Cooke Foods division centralized in San Francisco functions heretofore spread among different locations and operating semi-autonomously. The result was a reduction in personnel and general overhead and tighter control over operating and capital budgets. Much greater administrative efficiency has been achieved. Expenses of the reorganization were absorbed as incurred.
- The North American banana market showed encouraging signs of a healthier tone. Banana earnings were substantially improved.
- Despite a poor salmon pack in Alaska, our seafood operations achieved earnings and sales for the last nine months of 1972 exceeding those of any comparable period in our history.
- Ames Mercantile Company, our retail and wholesale merchandising subsidiary which will henceforth be known as Castle & Cooke Merchandising Corporation, has turned around and is now profitable. Its depressed results of the prior two years are behind us.
- A two-year plan to increase Castle & Cooke's equity base, reduce short-term debt and restructure long-term maturities was completed. Seasonal short-term debt was reduced to zero during the Company's normal slack borrowing period in mid-July, compared with a level of $55,000,000 a year earlier. Long-term maturities are now comfortably within our capacity to service them.

The Company's fiscal year has been changed from one ending March 31 to a calendar year comprised of 13 equal four-week periods. Thus, financial results contained in this report are for nine months from April 1 to December 31, 1972. These results and relevant comparisons with prior fiscal periods are reported in detail in the financial sections.

The reasons for the fiscal year change are three-fold. First, all capital and operating budgets and management reporting systems for major elements of the Company have been on a calendar year. Second, while reporting to the stockholders on a March 31 fiscal year, the Company's tax reporting has been on a calendar year basis. This has necessitated two time-consuming and expensive financial closings each year, one of which can now be eliminated. Third, the fact that some subsidiaries have had different fiscal years from the parent Company has caused problems in preparing consolidated operating statements and balance sheets.

In October, 1972, the Company announced plans to phase out its pineapple operations on the island of Molokai in Hawaii by the end of 1975 because they have proven unprofitable and show no prospect of being otherwise.

All costs associated with this termination decision were provided for in 1972 in accordance with sound accounting principles which require current recognition of the financial impact of such a decision. The Company is studying possible alternative uses for these lands whose lease expires in 1990. The Molokai pineapple extraordinary charge was partially offset by extraordinary credits resulting from an adjustment necessitated by the fiscal year change to state appropriately certain Hawaiian pineapple costs, and also by the net gain from the sale of a subsidiary's interest in a related company.

Earnings from pineapple operations were down in the nine-month fiscal period due primarily to high operating costs in Hawaii and intensely competitive marketing conditions.

Royal Hawaiian macadamia nut sales and earnings continued at satisfactory levels.

In October, 1972, the Company signed a letter of agreement to acquire West Foods, Inc., the largest producer of fresh mushrooms in the western U.S., by means of an exchange of Castle & Cooke stock. It is anticipated this acquisition will be consummated later this year.

Arneson Products, Inc., the Company's automatic swimming pool cleaner company, continued its highly successful operations. After-tax earnings for the nine months ended December 31, 1972 were 46% higher than in the comparable period of 1971.

Operations of Waialua Sugar Company were also successful. Returns to the plantation from California and Hawaiian Sugar Company were the highest on record, enabling Waialua to report a significant increase in earnings. Kohala Corporation, successor to Kohala Sugar Company which is now phasing out of sugar operations, suffered a severe loss because of basic agricultural problems in the district, because of continuing drought which drastically reduced yields and because all losses contingent on closing are being absorbed before the end of 1975.

Standard Fruit and its predecessor companies have operated in Central America since the 1890's. More recently, Castle & Cooke has increased significantly the scope of its international activities, particularly in the Far East. We believe our successful operating experience over the years in the dynamic environments of several developing nations is largely the result of our deliberate policy of endeavoring to be good corporate citizens in these countries. We try to recognize and respond to changing economic and social conditions.

We are confident that a continuation of our policy will insure stability and profitability of our operations to the mutual benefit of our host nations and ourselves. We shall never forget that we operate as a guest in a foreign nation.

The Company was fortunate in 1972 to obtain the services of Leonard Marks Jr. as executive vice president and chief financial officer. Mr. Marks had been senior vice president of Wells Fargo & Company.

The 1972 year and its many changes imposed an unusual burden on the employees of the Company. Their outstanding performance during a difficult period of adjustment has earned them the gratitude of the management, directors and stockholders.

Strengthened by the changes made in 1972, prospects for 1973 are good.

Malcolm MacNaughton
President

Revenues and Earnings by Major Activities

	Nine Months Ended December 31, 1972		Year Ended March 31 * 1972		1971		1970		1969	
Revenues										
Food	**$326,345,000**	**73%**	$385,831,000	72%	$374,001,000	74%	$358,320,000	71%	$330,061,000	73%
Merchandising	**57,102,000**	**13**	64,389,000	12	61,579,000	12	58,172,000	12	57,146,000	13
Real estate	**24,981,000**	**5**	38,129,000	7	28,082,000	5	44,762,000	9	27,113,000	6
Manufacturing	**20,379,000**	**4**	22,300,000	4	20,299,000	4	20,742,000	4	16,243,000	4
Services	**16,821,000**	**4**	20,512,000	4	18,186,000	4	17,096,000	3	15,607,000	3
Other	**4,055,000**	**1**	5,702,000	1	5,004,000	1	4,320,000	1	4,115,000	1
Total	**$449,683,000**	**100%**	$536,863,000	100%	$507,151,000	100%	$503,412,000	100%	$450,285,000	100%
Earnings										
Food	**$ 22,006,000**	**77%**	$ 15,822,000	58%	$ 16,154,000	83%	$ 31,165,000	74%	$ 26,005,000	79%
Merchandising	**1,171,000**	**4**	(350,000)	(1)	(661,000)	(3)	2,324,000	6	1,314,000	4
Real estate	**2,366,000**	**8**	7,346,000	27	1,613,000	8	3,161,000	7	2,659,000	8
Manufacturing	**2,586,000**	**9**	3,520,000	13	2,875,000	14	2,711,000	6	2,073,000	7
Services	**2,232,000**	**8**	766,000	3	22,000	0	1,592,000	4	652,000	2
Other	**(1,746,000)**	**(6)**	34,000	0	(429,000)	(2)	1,144,000	3	62,000	0
Total	**28,615,000**	**100%**	27,138,000	100%	19,574,000	100%	42,097,000	100%	32,765,000	100%
Less unallocated expenses:										
Corporate	**3,191,000**		4,139,000		3,745,000		3,661,000		3,251,000	
Interest	**1,594,000**		2,312,000		1,684,000		1,221,000		1,922,000	
Income before income taxes	**$ 23,830,000**		$ 20,687,000		$ 14,145,000		$ 37,215,000		$ 27,592,000	

* Amounts shown for prior years have been restated to include a subsidiary consolidated for the first time in the current fiscal period.

Operations

Banana earnings aided by return to market stability; pineapple seeks to counter severe competition.

FOOD

	Nine Months Ended December 31, 1972	Percent of Total
Revenues	$326,345,000	73%
Earnings	$ 22,006,000	77%

Castle & Cooke Foods

Earnings from food operations for the nine months ended December 31, 1972 substantially exceeded those of the 12-month 1971-72 fiscal year. A substantial portion of this increase was attributable to improved results from banana operations.

Dole Bananas

The 1972 calendar year saw a return to stability in the North American banana market after approximately two years of depressed results. Improved production and marketing conditions, when combined with increasingly profitable penetration of the European and Japanese markets, made possible the favorable upturn for bananas.

The new Nicaragua division, our third in Central America, began full weekly shipload deliveries to the Pacific Coast early last fall. Personnel and facilities fortunately were unaffected by the disastrous earthquake at Managua. In Central America and the U.S., the Company immediately rallied to the support of quake victims. Food, drugs and other medical supplies and funds were rushed to Managua. In Southern California, the Company spearheaded a voluntary effort by maritime groups to ship relief supplies without charge from Long Beach to the Nicaraguan port of Corinto.

The very satisfactory earnings of the banana operations were achieved despite major blow-down damage sustained by the Honduras division in the early summer. The temporary loss of fruit necessitated a switch to alternate but more expensive world banana sources to fulfill marketing commitments. The damaged Honduras farms now have returned to full production.

The Dole label was successfully introduced on premium quality bananas in the North American market in 1972, and will be extended to European markets in 1973. The Dole label had previously been introduced in the Japanese market.

While our markets will continue to be supplied primarily from Central American sources, Ecuador remains as an important source of Company product.

Our associated Cerveceria Hondurena brewery and soft drink facility in Honduras again had an excellent year. A subsidiary brewery was successfully opened in Belize, British Honduras.

Dole Pineapple

Earnings from processed pineapple were below those of the 1971-72 fiscal year. This was due to severe competition in the U.S. market. This competition reduced revenues and caused substantial increases in distribution and marketing costs.

In order to restore the basic profitability of the processed pineapple business in the face of this increasing market pressure, a plan has been established to reduce the economic imbalance or the higher-cost Hawaiian production.

As reported in the Letter to Stockholders, pineapple production will be phased out on Molokai, and the growing of Hawaiian fruit for canning will be concentrated on Lanai. The Wahiawa plantation on Oahu is being reduced in size and will become primarily a source for growing fresh pineapple requirements. Most of the surplus pineapple acreage at Wahiawa is being transferred to our adjacent Waialua Sugar Company to expand its production.

The Company is sensitive to the economic and social impact created by the phasing out of these Hawaiian production areas. We are working with public bodies and others to help them develop new employment bases in these locations.

Production at the successful Dolefil facility in the Philippines is being increased 20%.

The new majority-owned Dole Thailand, Ltd., facility is progressing on schedule with its planting pro-

Bumble Bee profits are satisfactory, despite higher tuna costs and smallest Alaskan salmon pack since 1895.

gram. Thailand government approval has been granted for building of a new cannery at the plantation, and construction is expected to begin shortly. Still in its infancy, this facility is experiencing expected start-up problems similar to those encountered when Dolefil was established. Dole Thailand is jointly owned with substantial Thai citizens.

Fresh pineapple from Hawaii, marketed by Castle & Cooke Foods' fresh fruit distribution organization, expanded into new areas of the continental U.S. during the year. The marketing program calls for further widening the distribution of superior Hawaiian fruit into all areas of the U.S., improving this very profitable segment of our business.

In an effort to increase per capita consumption of pineapple in all forms, the Company joined last year with the U.S. pineapple industry in sponsoring the "National Pineapple Cooking Classic" in Honolulu. This proved to be one of the most successful consumer promotion programs ever conducted in the food industry.

Bumble Bee Seafoods

Earnings of Bumble Bee Seafoods were very satisfactory, considering the adverse effects of a poor salmon season in Alaska and subsequent pricing problems under Phase II of the Economic Stabilization Program.

Salmon runs were far below those forecast by fishery regulatory agencies, resulting in the smallest U.S. salmon pack since 1895. Because of these small runs, most canners, including Bumble Bee, were faced with much higher per case costs for the 1972 season.

In August, salmon canners designated by the Price Commission as Tier II and III companies, representing over 75% of the industry, posted price increases ranging from 16 to 22%. Bumble Bee, classified as a Tier I company, was initially denied permission to make similar cost-justified price increases. However, reconsideration by the new Cost of Living Council reversed the earlier decision, and permission to increase prices was granted.

Supplies of raw tuna generally were more favorable in 1972, and Bumble Bee's production and sales of white meat and light meat tuna increased. The 1972 catch of albacore tuna off the Pacific Coast was larger than in the prior year.

Bumble Bee's second new purse seiner sailed on its successful maiden voyage in October, contributing to increased supplies of tuna caught in equatorial waters. Runs of skipjack tuna in Hawaii were less abundant in 1972 as were catches of domestically caught bluefin off the Atlantic Coast. Operations of the new jointly-owned tuna receiving station in Tahiti were successful.

Despite greater raw tuna supplies, price competition for them by U.S. and foreign tuna canners continued to intensify. At year-end, raw tuna prices were at record levels. Increased cost of raw product was partially offset by price increases on canned tuna made under applicable Price Commission rules.

The line of Figaro gourmet pet foods was increasingly profitable during the nine-month reporting period.

Bumble Bee's frozen shrimp operation in Surinam, South America, increased its output and reported increased sales and profits. Expansion of the operations' harbor facilities is planned during 1973 to accommodate a larger number of fishing vessels.

Late in 1972 Bumble Bee began distribution of oysters canned by an associated company in South Korea under Bumble Bee's exacting quality standards. They received ready market acceptance and will augment the Company's present line of fancy seafoods.

Regulatory agencies in Alaska are forecasting 1973 salmon runs of approximately the same low magnitude as those of 1972. These agencies generally attribute the poor runs to unusually cold winters during recent brood years. Prior to these cold winters the Alaska salmon resource was responding favorably to better fishery management practices. With resumption of more normal weather conditions, abundance of the re-

source is expected to resume.

The 1973 salmon runs in Puget Sound are expected to be significantly better than in 1972, and those on the Columbia River about the same. It is not possible at this time to forecast relative tuna availability.

Macadamia Nuts

Results from our Royal Hawaiian macadamia nuts continued to be satisfactory. Marketing conditions were strong. However, unfavorable weather reduced orchard production somewhat. Clearing and planting are on schedule on new orchard lands sold last year to an investor group. We will manage the new orchard, which adjoins our Keaau macadamia nut facility on the island of Hawaii, and will market its production.

Sugar

Refined sugar deliveries by California and Hawaiian Sugar Company were substantially ahead of those in 1970 and 1971, two years in which operations were severely curtailed by strikes. C and H's objective in 1972 was to regain markets lost through these labor disruptions.

Returns by C and H to Castle & Cooke were at record prices, approximately $9.50 per ton higher than in 1971.

These higher returns together with generally favorable production conditions enabled Waialua Sugar Company to report substantially increased earnings over those of the prior fiscal period.

Kohala Corporation, formerly Kohala Sugar Company, suffered a large loss because of drought conditions. Corporate plans to phase out the sugar operation have been extended conditionally and on a limited scale for another year — through 1975 — at the request of a Hawaii government-appointed task force that is seeking to develop new job opportunities for the Kohala area. The extension is subject to certain conditions involving Kohala Corporation's union contract and other matters.

Ames Mercantile and Hawaiian Equipment contribute to improved earnings of merchandising group.

MERCHANDISING

	Nine Months Ended December 31, 1972	Percent of Total
Revenues	$57,102,000	13%
Earnings	$ 1,171,000	4%

Ames Mercantile Company, (newly renamed Castle & Cooke Merchandising Corporation), the retail and wholesale merchandising subsidiary, reported moderate earnings for the nine-month period, compared with an approximate break-even position for 1971-72 and a sizable loss for the prior year.

This turn-around situation was accomplished by an aggressive and experienced new management group. Their attention concentrated on improving merchandising techniques and tighter controls and budgeting.

Ames is now in a position to begin looking for expansion opportunities. Studies are in progress looking toward both internally-generated new units and acquisitions. At least one new unit will be opened in 1973.

Five large established units in the San Francisco area, formerly operating under the U.S.E. name, were changed to Value Giant stores, conforming to the name of Ames' other retail units. This gives better store identity and provides economies in advertising and promotion.

Hawaiian Equipment Company, the heavy equipment distributing division, reported a profit for the nine months, compared with a loss for the prior 12-month fiscal year. Improvement came principally in higher truck sales and better control over expenses.

Hawaiian Equipment has become one of International Harvester's largest truck dealerships. Its growth potential was enhanced during the year by strengthening sales and service functions in all four Hawaii locations.

Mililani Town sets new records but other real estate earnings decline.

REAL ESTATE

	Nine Months Ended December 31, 1972	Percent of Total
Revenues	$24,981,000	5%
Earnings	$ 2,366,000	8%

Consolidated results from real estate activities in the nine months ended December 31, 1972 showed a decline. Partially responsible for this outcome was the lack of bulk land sales in the shorter fiscal reporting period in contrast to the full 1971-72 year.

In Hawaii, Mililani Town, the new community being developed by Oceanic Properties on Oahu, set new sales and earnings records. This trend is expected to continue because of the shortage of housing on Oahu and an especially strong demand for the types of residences being developed at Mililani Town. This project has a two-year waiting list for new homes.

Good progress has been made in obtaining necessary governmental approvals for the new general plan for the island of Lanai, described in some detail in the 1971-72 annual report. The plan was adopted by Maui County in December 1972. Application for approval of the plan by the Hawaii State Land Use Commission is pending. Action is expected during the first half of 1973.

Excellent response has been received on two condominium apartment developments in the Hawaii-Kai district of Honolulu. Another such development is planned in the city.

In California, land development operations are being revitalized by Oceanic Properties through creation of a new company known as Oceanic California, Inc. Oceanic's California operations have been reorganized along functional lines to make broader use of existing management talents and achieve tighter fiscal control.

The Sea Ranch, the widely acclaimed country home development on the Northern California coast, continued to experience problems in obtaining local governmental approvals for incremental development areas because of pressure by various special interest groups.

These problems have been compounded by passage in California's November election of a coastal conservation initiative known as Proposition 20. This measure set up a statewide coastal zone, which includes the entire Sea Ranch. It also prescribed a series of regional and state commissions charged with creation of a statewide coastal conservation plan over a period of several years, meanwhile controlling further coastal development. At this writing, these commissions are just being set up.

At the 10,000-acre Hamilton property in Santa Clara County, plans are being made for development of peripheral property, taking advantage of a more robust economy there and a strong growth trend in the direction of our property. Hamilton, however, is still a long-term development.

Barclay Hollander Curci, the real estate subsidiary in Southern California, obtained final zoning for Brae Burn, its luxury 870-unit residential development in the Santa Monica Mountains of Los Angeles. Construction is well advanced on the first of two 18-hole golf courses and the principal access roads. Individual homesite development will begin in 1973.

BHC formed a joint venture with Great Western Savings & Loan Association for development of a major condominium project at Marina del Rey near Los Angeles' shoreline. Part of this property, however, also falls into the coastal zone covered by Proposition 20.

BHC also has five other Southern California residential projects in various stages of development and sales.

A joint venture between BHC and Transamerica Development Corporation to develop mobile home parks had a disappointing year and incurred a loss.

BHC entered into a three-way joint venture with Transamerica Development Corporation and Lee National Corporation to develop industrially a 1,200-acre site strategically located in Kansas City, Missouri, which shows great promise.

Arneson Products sets pace in the manufacturing group; service activities show improvement but shipping strikes hurt Hawaii.

MANUFACTURING

	Nine Months Ended December 31, 1972	Percent of Total
Revenues	$20,379,000	4%
Earnings	$ 2,586,000	9%

Arneson Products, Inc., manufacturer of the "Pool Sweep" automatic swimming pool cleaner, again achieved outstanding results. Arneson is one of Castle & Cooke's most profitable enterprises. Since it still offers the only effective automatic pool cleaner in a constantly expanding market of new pool owners, Arneson has great potential for continued earnings growth.

Distribution continues to expand and now covers most of the principal U.S. pool-owning areas. Expansion is commencing into Great Britain, Europe, Australia and Japan.

In the Far East, the catastrophic floods which struck Luzon in the Philippines last August were responsible for sharply reduced earnings at Republic Glass Corporation of Manila (61% owned by Castle & Cooke).

Flood waters caused some plant damage and halted production for a period of time. The floods were also responsible for a sharp curtailment of the Philippine window glass market. Production and marketing conditions have slowly returned to normal.

Republic continued successful exportation of window glass to the U.S. Emphasis by the Philippine government on expansion of low-cost housing, and demands by the new automobile manufacturing industry in the Philippines for tempered glass, which Republic will begin producing in late 1973, offer great promise for this subsidiary.

Thai-American Steel Works Company of Bangkok (55% owned by Castle & Cooke) again reported excellent earnings from its steel pipe and furniture tubing business.

Malaysian Rock Products (72% owned), our quarrying operation in Kuala Lumpur, generated satisfactory earnings and is in a stronger financial position than in recent years.

SERVICES

	Nine Months Ended December 31, 1972	Percent of Total
Revenues	$16,821,000	4%
Earnings	$ 2,232,000	8%

Castle & Cooke's service activities showed considerable earnings improvement over the full 12-month fiscal year ended last March 31. This was due primarily to the elimination of the losses suffered in fiscal 1971-72 from a Portland, Oregon, computer subsidiary, which was sold in late 1971.

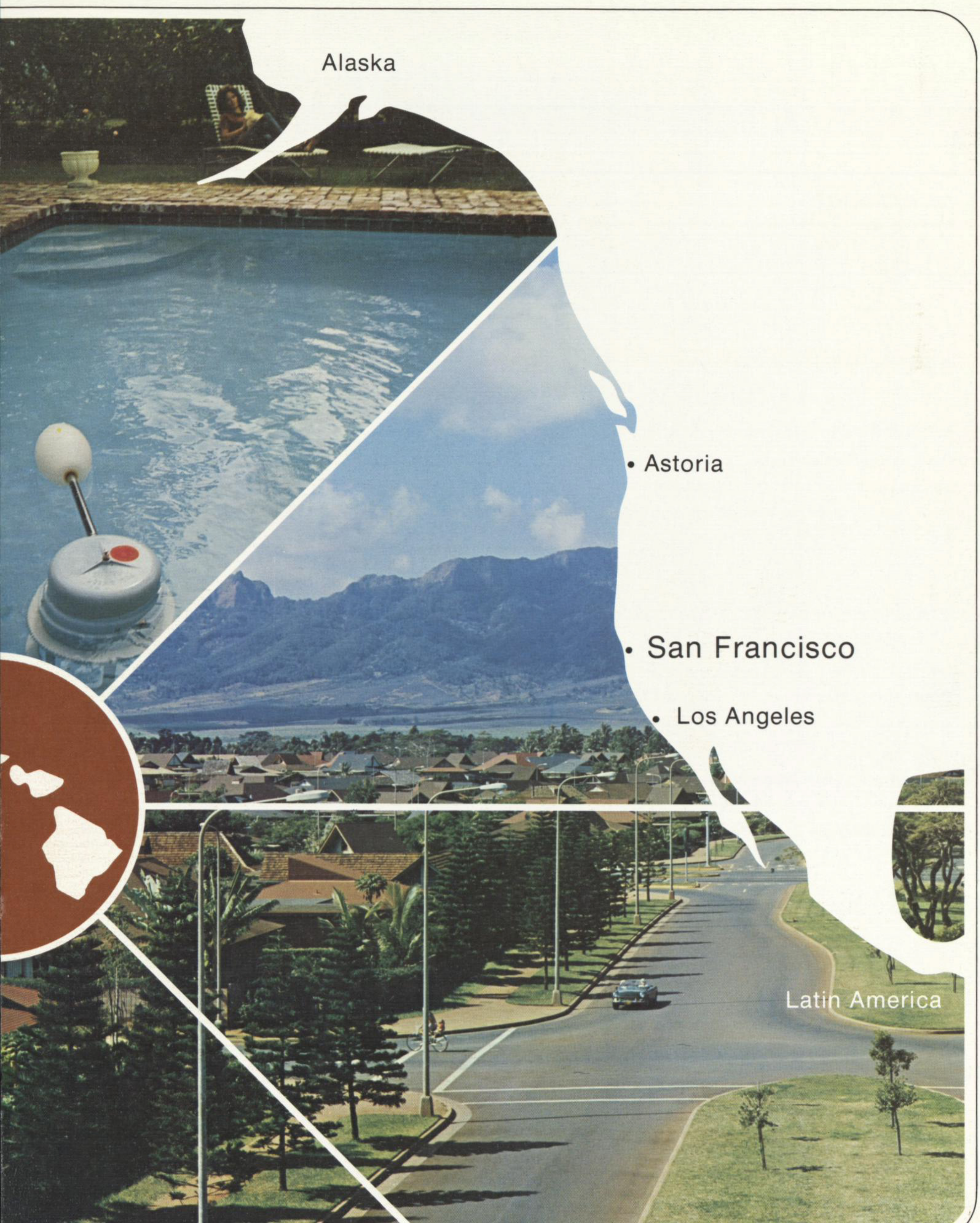
In Hawaii, service activities were adversely affected by maritime strikes. The result was lower earnings for Castle & Cooke Terminals, the Ship Agency division and Hawaiian Hauling Service, all in Honolulu, and Kawaihae Terminals (55% owned by Castle & Cooke) on the island of Hawaii.

However, Oahu Transport Company was able to report an increase in earnings over the comparable nine months in 1971.

Pacific Air Cargo Service (64% owned), the new air cargo business acquired in 1972, is still in the developmental stage and showed a loss. A new cargo facility was opened at Oakland International Airport to supplement the terminal at Honolulu International Airport.

The photographic map of the Pacific Basin on the following two pages illustrates the broad scope of Castle & Cooke's activities, both in product and in geography. Pictured are the Company's principal food products, its automatic swimming pool cleaner and a major real estate operation – Mililani Town near Honolulu. From Hawaii, the corporate geography fans out to the continental U.S., north to Alaska, south to Latin America and westward across the Pacific to the Philippines, Thailand, Malaysia, Japan and South Korea. This is the world of Castle & Cooke.

Japan
South Korea
Philippines
Thailand
Malaysia
Hawaii
BUMBLE BEE BRAND
Fancy COLUMBIA RIVER
SALMON
ALASKA
RED SALMON
SHRIMP
ROYAL HAWAIIAN
Macadamia
ALASKA KING CRAB
SOLID WHITE TUNA
Dole
sliced pineapple


Alaska
Astoria
San Francisco
Los Angeles
Latin America

Consolidated Balance Sheet

	December 31, 1972	March 31, 1972
Current Assets		
Cash	**$ 15,895,000**	$ 11,648,000
Time deposits and marketable securities — at cost, which approximates market	**3,355,000**	1,716,000
Accounts receivable, less allowances for doubtful accounts — December 31, $1,132,000; March 31, $1,136,000	**75,231,000**	58,739,000
Federal income tax refund receivable — net	**—**	1,852,000
Inventories	**164,886,000**	151,482,000
Prepaid expenses	**5,865,000**	6,504,000
Total current assets	**265,232,000**	231,941,000
Growing Crops	**3,885,000**	4,050,000
Real Estate Projects	**29,600,000**	31,583,000
Investments		
Capital stock of sugar marketing cooperative	**1,392,000**	1,392,000
Subsidiaries not consolidated:		
Domestic	**1,130,000**	1,535,000
Foreign, less allowances — December 31, $1,081,000; March 31, $1,119,000	**2,838,000**	2,020,000
Other affiliates	**3,238,000**	4,994,000
Other investments	**6,834,000**	5,749,000
Land — At cost	**28,688,000**	28,706,000
Other Properties — Net	**137,736,000**	142,550,000
Note Receivable, less unamortized discount based on imputed interest rate of 7% — December 31, $1,057,000; March 31, $1,186,000	**7,475,000**	7,346,000
Other Non-Current Receivables, less allowances for doubtful accounts — December 31, $202,000; March 31, $241,000	**35,285,000**	35,537,000
Deferred Charges and Other Assets	**40,147,000**	40,117,000
TOTAL	**$563,480,000**	$537,520,000

Pages 16 through 21 of the Annual Report should be read in conjunction with this statement.

	December 31, 1972	March 31, 1972
Current Liabilities		
Notes payable	**$ 25,669,000**	$ 34,344,000
Current portion of long-term debt	**35,338,000**	28,796,000
Accounts payable	**54,998,000**	41,791,000
Dividends payable	**1,846,000**	1,822,000
Income taxes payable, less foreign government securities — December 31, $1,000,000; March 31, $925,000	**6,893,000**	3,522,000
Deferred income taxes related to current assets	**12,187,000**	7,392,000
Total current liabilities	**136,931,000**	117,667,000
Long-Term Debt	**157,399,000**	164,063,000
Deferred Income Taxes	**7,329,000**	11,792,000
Deferred Income and Other Credits	**11,616,000**	10,995,000
Reserve for Loss on Operations to be Terminated	**9,065,000**	—
Minority Interests	**17,099,000**	16,315,000
Stockholders' Equity		
Capital stock	**124,931,000**	123,303,000
Capital in excess of par value	**21,664,000**	22,318,000
Capital from acquisition of subsidiaries' stock	**16,969,000**	16,969,000
Retained earnings	**66,304,000**	59,749,000
	229,868,000	222,339,000
Less cost of treasury stock — December 31, 187,943 shares; March 31, 181,600 shares	**5,827,000**	5,651,000
Stockholders' equity	**224,041,000**	216,688,000
TOTAL	**$563,480,000**	$537,520,000

Statement of Consolidated Income and Retained Earnings

	Nine Months Ended December 31, 1972	Nine Months Ended December 31, 1971 (Unaudited)	Year Ended March 31, 1972
Revenues			
Food	**$326,345,000**	$296,380,000	$385,831,000
Merchandising	**57,102,000**	50,544,000	64,389,000
Real estate	**24,981,000**	23,135,000	38,129,000
Manufacturing	**20,379,000**	17,714,000	22,300,000
Services, including rentals	**16,821,000**	16,953,000	20,512,000
Dividends, interest and other revenues	**4,055,000**	5,094,000	5,702,000
Total	**449,683,000**	409,820,000	536,863,000
Costs and Expenses			
Cost of products and merchandise sold (except depreciation)	**303,438,000**	286,581,000	373,800,000
Selling, service, general and administrative expenses	**98,976,000**	85,996,000	112,238,000
Depreciation	**12,655,000**	12,380,000	15,676,000
Interest	**10,784,000**	11,089,000	14,462,000
Total	**425,853,000**	396,046,000	516,176,000
Income Before Income Taxes	**23,830,000**	13,774,000	20,687,000
Income Taxes			
Current	**6,685,000**	5,104,000	3,715,000
Deferred	**2,346,000**	(25,000)	4,251,000
Total	**9,031,000**	5,079,000	7,966,000
Income Before Minority Interests	**14,799,000**	8,695,000	12,721,000
Minority Interests	**1,274,000**	1,520,000	1,913,000
Income Before Extraordinary Items	**13,525,000**	7,175,000	10,808,000
Extraordinary Items — Net	**(1,445,000)**	—	934,000
Net Income	**12,080,000**	$ 7,175,000	11,742,000
Retained Earnings, Beginning of Period	**59,749,000**		55,280,000
Cash Dividends	**(5,525,000)**		(7,273,000)
Retained Earnings, End of Period	**$ 66,304,000**		$ 59,749,000
Earnings Per Common Share, Assuming No Dilution (Based on average number of shares outstanding)			
Income before extraordinary items	**$ 1.10**	$ .61	$ .90
Extraordinary items	**(.12)**	—	.08
Net income	**$ .98**	$ .61	$ .98
Earnings Per Common Share, Assuming Full Dilution*			
Income before extraordinary items	**$ 1.08**	$ .61	$ .90
Extraordinary items	**(.11)**	—	.08
Net income	**$ .97**	$ .61	$ .98
Cash Dividends Per Common Share	**$ .45**	$ .45	$ .60

* Assumes exercise of dilutive stock options, conversion of debentures, and adjustment of earnings for interest on debentures less applicable income taxes.

Pages 16 through 21 of the Annual Report should be read in conjunction with this statement.

Statement of Changes in Consolidated Financial Position

	Nine Months Ended December 31, 1972	Year Ended March 31, 1972
Sources of Working Capital		
Income before extraordinary items	**$13,525,000**	$ 10,808,000
Add items not requiring outlay of working capital:		
Income applicable to minority interests	**1,274,000**	1,913,000
Depreciation	**12,655,000**	15,676,000
Deferred income taxes	**173,000**	2,326,000
Amortization of deferred items	**1,513,000**	1,696,000
Provided from operations before extraordinary items	**29,140,000**	32,419,000
Extraordinary items — net	**(1,445,000)**	934,000
Extraordinary item not affecting working capital	**4,429,000**	—
Deferred income taxes	**—**	397,000
Working capital provided from operations	**32,124,000**	33,750,000
Proceeds from sale of common stock	**—**	17,539,000
Additions to long-term debt	**39,093,000**	76,832,000
Sales of capital stock under stock option plan	**972,000**	1,039,000
Dispositions of property	**1,505,000**	4,127,000
Dispositions of investments	**3,905,000**	1,182,000
Decrease (increase) in real estate projects	**1,983,000**	(2,087,000)
Total	**79,582,000**	132,382,000
Applications of Working Capital		
Additions to property	**9,328,000**	18,958,000
Cash dividends	**6,185,000**	7,771,000
Reduction of long-term debt	**45,757,000**	41,176,000
Additions to investments	**3,823,000**	3,231,000
Addition to non-current note receivable	**—**	7,346,000
Purchase of capital stock of consolidated subsidiaries	**—**	961,000
Net change in deferred charges and other assets and deferred credits	**462,000**	4,263,000
Total	**65,555,000**	83,706,000
Increase in working capital	**$14,027,000**	$ 48,676,000
Changes in Working Capital Components		
Cash, time deposits and marketable securities	**$ 5,886,000**	$ (2,402,000)
Accounts receivable	**16,492,000**	2,154,000
Federal income tax refund receivable	**(1,852,000)**	(2,266,000)
Inventories	**13,404,000**	23,381,000
Prepaid expenses	**(639,000)**	1,110,000
Notes payable and current portion of long-term debt	**2,133,000**	31,922,000
Accounts payable	**(13,207,000)**	(2,789,000)
Dividends payable	**(24,000)**	(166,000)
Income taxes payable	**(3,371,000)**	(343,000)
Deferred income taxes related to current assets	**(4,795,000)**	(1,925,000)
Increase in working capital	**$14,027,000**	$ 48,676,000

Pages 16 through 21 of the Annual Report should be read in conjunction with this statement.

Summary of Accounting Policies

A brief description of the principal accounting policies of Castle & Cooke, Inc. and its subsidiaries is presented to aid in understanding the Company's financial statements.

Principles of Consolidation

The consolidated financial statements include the accounts of Castle & Cooke, Inc. and all except several small subsidiaries which are not considered to be permanent investments. Inter-company accounts and transactions of material amounts are eliminated.

Investments in unconsolidated domestic subsidiaries are stated at equity; unconsolidated foreign subsidiaries at cost, less allowances for losses. Long-term investments in which voting stock interest is between 20% and 50% are stated at equity. All other investments are stated at cost.

Translation of Foreign Currency

The accounts of foreign subsidiaries are maintained in U.S. currency or are translated into U.S. dollars at appropriate rates of exchange. Generally, current assets and liabilities are translated at year-end exchange rates, property accounts and related depreciation at rates of exchange in effect at dates of acquisition, and income and expenses (other than depreciation) at average rates prevailing during the year. Foreign exchange gains and losses, including those arising from translation, are included in income.

Growing Crops

Growing crops consist of pineapple and sugar crops in Hawaii, stated at static values, which are substantially less than current costs. Except for new major agricultural projects, the costs of growing all crops are charged to operations as incurred.

Real Estate

Sales of lots and bulk acreage are usually made on the installment basis with a significant down payment and periodic payments over the terms of the notes. Sales of residences and apartment units, usually financed through third parties, generally are recognized for accounting purposes on the date the benefits and risks of ownership pass to the purchaser, usually the date of closing.

Real estate projects are stated at the lower of cost or market and consist primarily of projects in various stages of development and unimproved land. Carrying charges, including interest and property taxes, are capitalized until the development is completed and ready for sale. Land development costs applicable to lots sold are allocated on the basis of relative sales values or average costs per acre. Portions of real estate projects currently offered for sale and estimated to be sold within one year are included in inventories under current assets.

Pre-operating expenses of real estate projects consisting principally of planning, engineering and certain administrative expenses incurred prior to commencement of major projects are recorded as deferred charges and amortized over the development period of each project.

Deferred Charges

Costs and expenses in excess of revenues with respect to major agricultural plantings for pineapple plantations and banana farms are deferred during the development stage and subsequently amortized over periods based on the length of various grower agreements.

Goodwill arising from acquisitions is amortized over 10 to 20 years.

Depreciation

Depreciation is computed generally by use of the straight-line method, using rates based on the estimated useful lives of the assets or, if applicable, the remaining terms of leases, whichever is shorter.

Income Taxes

Income tax expense is based on items included in the income statement, without regard to the period when such items are recognized for tax purposes. Investment tax credits are applied as a reduction of current income tax expense in the year the assets are placed in service. The profits from certain sales of land included in real estate revenues in the income statement are reported as capital gains for income tax purposes and, accordingly, the related income tax expense is computed at capital gain rates.

Notes to Financial Statements

Change in Fiscal Year

The consolidated financial statements of Castle & Cooke, Inc. and its subsidiaries for the nine months ended December 31, 1972 reflect a change in the Company's fiscal year which was adopted for reasons discussed in the President's letter. In order to conform the fiscal years of all subsidiaries with that of the parent company, the statement of consolidated income for the nine months ended December 31, 1972 necessarily includes the results of operations for up to three additional months for certain subsidiaries whose latest previous fiscal years ended prior to March 31, 1972. The total revenues and net loss attributable to such additional months were $4,600,000 and $6,000, respectively.

See "Extraordinary Items" for the explanation of a special adjustment necessitated by the change in fiscal year.

Unaudited Data

An unaudited statement of consolidated income for the nine months ended December 31, 1971 is presented in this report for comparative purposes. Consolidated revenues and net income shown therein reflect certain changes to the amounts published in the interim report to stockholders for the nine months ended December 31, 1971 as follows:

	Consolidated Revenues	Consolidated Net Income Amount	Consolidated Net Income Per Share
Shown in interim report to stockholders	$390,514,000	$6,155,000	$.52
Fiscal year-end adjustments applicable to the period covered by the interim report	1,800,000	814,000	.07
Additional revenues and net loss of certain subsidiaries for periods in excess of nine months referred to under "Change in Fiscal Year"	16,928,000	115,000	.01
Initial consolidation of a subsidiary in 1972	578,000	91,000	.01
Restated, as shown in this report	$409,820,000	$7,175,000	$.61

Foreign Activity

Total assets in foreign countries at December 31, 1972 were $192,254,000, including $61,842,000 of current assets, compared with $193,346,000 and $61,202,000, respectively, at March 31, 1972. A substantial part of these assets are employed to produce food products for sale in the United States. Foreign sales represented 18% of total revenues for both periods.

Inventories

Inventories at December 31, 1972 and March 31, 1972 consisted of the following:

	December 31, 1972	March 31, 1972
Finished products and raw materials, generally at the lower of cost (first-in, first-out) or market	$ 99,017,000	$ 80,449,000
Real estate projects completed or under construction, at the lower of cost or market	17,180,000	17,732,000
Merchandise purchased, at the lower of cost or market:		
Principally first-in, first-out	6,437,000	5,644,000
Retail inventory method	9,046,000	8,504,000
Operating supplies, generally at the lower of average cost or market	33,206,000	39,153,000
Total	$164,886,000	$151,482,000

Other Properties

Major classes of property, other than land, at December 31, 1972 and March 31, 1972 were:

	December 31, 1972	March 31, 1972
Real estate improvements	$ 31,359,000	$ 30,473,000
Buildings	72,182,000	69,585,000
Machinery and equipment	174,796,000	165,498,000
Water, power and sewer systems	16,415,000	15,456,000
Construction in progress	4,339,000	12,488,000
Total cost	299,091,000	293,500,000
Less accumulated depreciation	161,355,000	150,950,000
Other properties—net	$137,736,000	$142,550,000

Deferred Charges

Deferred charges at December 31, 1972 and March 31, 1972 include $20,235,000 and $19,633,000, respectively, of costs and expenses in excess of revenues of agricultural subsidiaries during their development stages, less amortization which totaled $1,450,000 for the nine months ended December 31 and $1,418,000 for the year ended March 31.

Financing

During the nine months ended December 31, 1972, the Company entered into two major financing arrangements totaling $60,000,000 to increase working capital, to restructure debt maturities and to replace a floating interest rate loan with a fixed interest rate loan.

In September, a revolving credit loan was arranged with a group of U.S. banks enabling the Company to borrow up to $45,000,000 until August 1975. Any amount then outstanding may be converted into a term loan repayable in 20 equal quarterly installments beginning November 1975. The interest rate on the revolving loan is the prime rate until August 1974 and prime plus ¼% for the following year. The interest rate on the term loan would be prime plus ½%. A ½% per annum commitment fee is charged on the unused portion of the revolving credit. In addition, the Company has informally agreed to provide compensating balances averaging $4,500,000 plus 5% of any loan amount outstanding. Based on the 6% prime rate at December 31, 1972, the effect of the compensating balances is to increase the commitment fee on the unused portion to 1.1% and to increase the interest rate on amounts borrowed to approximately 7%. At December 31, 1972, no indebtedness was outstanding under this credit agreement. The agreement contains restrictions with respect to current ratio, working capital, dividend payments, net worth and indebtedness of Castle & Cooke and certain subsidiaries.

In November, $15,000,000 was borrowed from a Japanese bank to prepay in 1973 a loan in the same amount from an English bank. The proceeds from the Japanese bank loan have been used temporarily to reduce short-term domestic debt. The loan bears interest at 8% and is repayable in ten equal annual installments beginning in 1978. The English bank loan bears interest at a fluctuating rate 1% above the six-month London Eurodollar interbank rate and matures in September 1977.

Consolidated long-term debt at December 31, 1972 and March 31, 1972, less current maturities, is shown in the table below.

The debentures are convertible at any time into common stock at a rate of one share for $35.08 of debenture principal. Full conversion would require 855,188 shares. Annual sinking fund payments of 5% of the principal amount outstanding at March 1, 1979 will begin one year later and continue to maturity in 1994, with the balance payable in that year.

Real estate notes payable relate to real estate projects and land held for development, and are to be paid as units are sold or as related installment contracts are collected.

Payments on long-term debt other than real estate notes payable are due in the following amounts: 1973, $30,009,000; 1974, $13,735,000; 1975, $5,753,000; 1976, $6,282,000; 1977, $2,652,000.

Provisions of the debenture indenture and other credit agreements impose restrictions on payment of cash dividends by the Company and certain subsidiaries. At December 31, 1972, $5,904,000 of retained earnings were not restricted as to payment of cash dividends. In addition, other restrictions require maintenance of minimum working capital, current ratios and debt ratios.

	December 31, 1972	March 31, 1972
5⅜% Convertible Subordinated Debentures	$ 30,000,000	$ 30,000,000
Unsecured notes:		
Fluctuating interest rate based on prime:		
December 31—6%; March 31—5¼%, maturing serially to 1974	7,025,000	10,029,000
Fluctuating interest rate based on Eurodollar interbank rates:		
December 31—range of 7½% to 8% (average 7.7%); March 31—6¼% to 7-5/16% (average 6.7%), maturing serially from 1974 to 1979	25,557,000	25,404,000
March 31—7-27/32%, maturing in 1977	—	15,000,000
8⅞%, maturing serially from 1977 to 1996	34,598,000	34,577,000
8%, maturing serially from 1978 to 1987	15,000,000	—
Other: December 31—range of 5¼% to 12¾% (average 8.2%); March 31—4¾% to 12½% (average 8.7%), maturing serially to 1980	6,243,000	14,051,000
Real estate notes payable (land, real estate projects, notes or contracts receivable pledged as collateral): December 31—range of 6% to 10% (average 7.3%); March 31—range of 6% to 7½% (average 6.4%)	18,568,000	15,823,000
Mortgage, installment and other notes payable (certain land, buildings, machinery and equipment pledged as collateral): December 31—range of 4.8% to 10½% (average 6.2%); March 31—range of 4.8% to 10½% (average 6.1%), maturing at various dates to 1993	20,408,000	19,179,000
Total	$157,399,000	$164,063,000

Income Taxes

Consolidated income tax expense is less than amounts computed using U.S. statutory rates applicable to ordinary income, principally as a result of lower tax rates applicable to certain foreign income and to capital gains.

Deferred income taxes result from timing differences which include: (1) the use of different methods of computing depreciation and of valuing certain inventories for tax purposes and for financial statement purposes; (2) the use, for tax purposes, of the installment method of accounting for certain deferred-payment sales; (3) differences between financial statement and tax expenses for pension and management incentive plans, development costs of certain computer programs, carrying charges of real estate projects, and pre-production costs for new banana plantings; and (4) the difference between financial statement and tax treatment of income taxes on undistributed earnings of certain foreign subsidiaries.

Certain subsidiaries and other affiliated companies have indefinitely postponed remittance of undistributed earnings by reinvestment thereof. Consolidated retained earnings at December 31, 1972 include $14,323,000 of such undistributed earnings upon which deferred income taxes have not been provided. If such provision had been made, the estimated total would have been $2,552,000.

Stock Options

Stock option transactions during the latest two fiscal periods are summarized as follows:

	Shares	Average Per Share	Total
Balance outstanding, April 1, 1971	323,288	$17.80	$5,753,000
Options granted	63,550	18.00	1,144,000
Options exercised	(79,695)	13.04	(1,039,000)
Options cancelled	(18,211)	22.01	(400,000)
Balance outstanding March 31, 1972	288,932	18.89	5,458,000
Options granted	32,200	18.17	585,000
Options exercised	(69,321)	14.02	(972,000)
Options cancelled	(12,180)	19.65	(240,000)
Balance outstanding, December 31, 1972	239,631	$20.16	$4,831,000

Options for 28,428 and 97,697 shares were exercisable at December 31, 1972 and March 31, 1972, respectively.

Stockholders' Equity

Stockholders' equity at December 31, 1972 was $224,041,000 ($18.21 per share), compared with $216,688,000 ($17.84 per share) at March 31, 1972.

Authorized capital consists of 1,000,000 shares of no par value preferred stock, none of which has been issued, and 25,000,000 shares of $10 par value common stock.

Changes in shares of common stock outstanding during the latest two fiscal periods were:

	Nine Months Ended December 31, 1972	Year Ended March 31, 1972
At beginning of period	12,148,680	11,037,248
Stock options exercised	69,321	79,695
Issued under contingent payout	93,469	23,081
Issued in public offering	—	1,000,000
Changes in treasury holdings	(6,343)	8,656
At end of period	12,305,127	12,148,680

Total common stock reserved at December 31, 1972 and March 31, 1972 amounted to 1,115,002 and 1,303,135 shares, respectively. Of these amounts, 855,188 shares were reserved at both dates for the conversion of debentures, 239,631 and 288,932 shares for outstanding stock options, 20,183 and 40,203 shares for stock option grants, and 118,812 shares at March 31, 1972 for a contingent payout subsequently satisfied by the issuance of shares as shown above.

Changes in capital in excess of par value during the latest two fiscal periods were:

	Nine Months Ended December 31, 1972	Year Ended March 31, 1972
Balance at beginning of period	$22,318,000	$14,846,000
Excess of proceeds over par value of shares sold in public offering	—	7,539,000
Excess of option price over par value of shares issued under stock option plans	278,000	242,000
Par value of shares issued under contingent payout	(935,000)	(231,000)
Other	3,000	(78,000)
Balance at end of period	$21,664,000	$22,318,000

On February 9, 1973, the Board of Directors declared a 5% stock dividend distributable on March 26,1973 to stockholders of record February 23, 1973.

Pension and Retirement Plans

Castle & Cooke and its consolidated subsidiaries have qualified retirement plans covering most full-time employees. The cost of these plans amounted to $2,687,000 for the nine months ended December 31, 1972 and $3,211,000 for the year ended March 31, 1972. During the latest period, the effect of an increase in the assumed interest rate approximately offset the cost of increased benefits provided under certain plans. The policy is to fund accrued pension costs by deposits with trustees or insurance companies. The value of the pension fund assets and balance sheet accruals at December 31, 1972 exceeded the actuarially computed value of vested benefits for all plans.

The Company and several subsidiaries are also parties to various industrywide collective bargaining agreements which provide for pension benefits and which are jointly administered by labor and management trustees. Contributions to these plans are either stipulated in the collective bargaining agreements or based on actuarial computations. The total cost of these plans, plus direct payments to pensioners, was $864,000 for the nine months ended December 31, 1972 and $924,000 for the year ended March 31, 1972.

Commitments and Contingent Liabilities

Minimum costs of ship charters of six years' duration or less and lease agreements expiring generally within 25 years were $13,952,000 for the nine months ended December 31, 1972 and will be $17,368,000 for the year ending December 31, 1973.

At December 31, 1972, the Company and several of its subsidiaries were contingently liable for $4,794,000 for notes discounted and mortgage loans endorsed and for $46,490,000 for guarantees of affiliated companies' indebtedness.

A legal action filed in 1969 seeking annulment of Dole Philippines' grower agreement in that country is pending before the Philippine Supreme Court. In the opinion of counsel for Dolefil, the petition is without sufficient legal basis.

A civil antitrust suit filed against Standard Fruit and Steamship Company in September 1970 by the U.S. Department of Justice is pending in New York. The suit charges Standard with conspiring with a trucker to monopolize the carriage of its bananas within the metropolitan New York area by requiring purchasers of its bananas in that area to use the trucker for deliveries of their purchases. A form of consent judgment is now being reviewed by the parties. In Standard's opinion, such judgment, if entered, would not have a material adverse effect.

A suit was filed in 1972 against Standard in New York by three wholesale banana dealers alleging that they were charged discriminatory prices. They seek treble damages totaling $325,000 and attorneys' fees of $80,000. In the opinion of counsel for Standard, the action is without merit.

Trial has been concluded in a suit brought against Standard in Louisiana seeking recovery of $750,000 damages stated to have arisen from an asserted breach by Standard of a cooperative contract with another banana company. The court had previously entered an interlocutory judgment against Standard on the issue of liability. The court has not yet issued its judgment on damages. Counsel for Standard are of the opinion that the court's judgment on liability was in error, and Standard plans to appeal.

A complaint has been filed in California against the Company and Standard by a wholesale distributor of fresh fruits alleging an attempt to monopolize the sale of fresh pineapple in the United States. The complaint prays for treble damages in an undetermined amount and an injunction. Although the plaintiff does not pray for any specific amount of damages in the complaint, it alleges damages of about $1,000,000. The Company's counsel have advised that the complaint is without merit.

The Internal Revenue Service has examined the consolidated federal income tax returns of the Company through the year ended December 31, 1968 and has proposed adjustments to taxable income with respect to the years 1967 and 1968. The principal proposed adjustments for both years relate to certain land sales treated as capital gains transactions by the Company upon advice of counsel. The IRS proposes that net profit from these sales should be taxed as ordinary income. The Company intends to contest such adjustments and has filed a petition in the United States Tax Court for this purpose. The Company and its counsel believe that adequate provision for income taxes with respect to such land sales has been made for all open years.

Extraordinary Items

In the nine months ended December 31, 1972, an extraordinary charge exceeded extraordinary credits by $1,445,000 (12 cents per share) as follows:

1. The Company made provision for an estimated loss of $4,429,000, after income tax effect of $4,636,000, in connection with the decision to terminate pineapple operations on Molokai by the end of 1975. The loss includes provision for payment of severance allowances to employees, for lease rentals after 1975, and for the write-off of the estimated unamortized cost of the purchased leasehold interest and facilities at termination.

2. The change in fiscal year necessitated a special adjustment which resulted in an extraordinary income item of $2,520,000 after applicable income taxes of $2,622,000. This adjustment was required to state appropriately the cost of certain pineapple products, production of which is seasonal and the cost of which has been based consistently on the apportionment of all production costs incurred in a full year to the quantities produced during such year. Accordingly, the valuation of such products which were produced during the nine months ended December 31, 1972 (constituting substantially all of the production of such products for the twelve months then ended) is based on total production and related costs for twelve months.

3. A subsidiary's investment in a related company was sold for a net gain of $464,000 after deductions for income taxes of $619,000 and minority interests of $361,000.

In the year ended March 31, 1972, the extraordinary gain of $934,000 (8 cents per share), after income taxes of $563,000, resulted from the sale of Dole's former cannery and related property in San Jose, California.

Restatement of March 31, 1972 Financial Statements

In the current nine-month fiscal period a subsidiary has been consolidated for the first time because of a change in its status to a long-term investment. Accordingly, the financial statements for the year ended March 31, 1972 have been restated to reflect an increase of $146,000 (1 cent per share) in net income and a decrease of $689,000 in retained earnings at the beginning of that year.

The balance sheet as of March 31, 1972 has been restated to include $7,392,000 of deferred income taxes in current liabilities, and the increase in working capital previously reported in the statement of changes in financial position for the year then ended has been reduced by $1,925,000.

Auditors' Report

To the Stockholders of Castle & Cooke, Inc.:

We have examined the consolidated balance sheet of Castle & Cooke, Inc. and its consolidated subsidiaries as of December 31, 1972 and March 31, 1972 and the related statements of consolidated income and retained earnings and changes in consolidated financial position for the nine months ended December 31, 1972 and the year ended March 31, 1972. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We did not examine the financial statements of Standard Fruit and Steamship Company and its subsidiaries and Castle & Cooke Worldwide Limited included in consolidation for the year ended March 31, 1972 which reflect total assets and revenues constituting 22% and 30% of the respective consolidated totals for that year. These statements were examined by other auditors whose reports thereon have been furnished to us and our opinion expressed herein, insofar as it relates to the amounts included in consolidation for the year ended March 31, 1972 for those companies, is based solely upon the reports of the other auditors.

In our opinion, based on our examination and the reports of other auditors referred to above, the aforementioned consolidated financial statements present fairly the financial position of Castle & Cooke, Inc. and its consolidated subsidiaries at December 31, 1972 and March 31, 1972 and the results of their operations and the changes in their financial position for the stated periods then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

HASKINS & SELLS

Honolulu, Hawaii
February 20, 1973

Financial History

	Nine Months Ended December 31, 1972	Year Ended 1972	Year Ended 1971
Operations for the Period*			
Revenues	**$449,683,000**	$536,863,000	$507,151,000
Income before extraordinary items	**13,525,000**	10,808,000	6,821,000
Return on average equity	**6.14%**	5.27%	3.56%
Extraordinary items — net	**(1,445,000)**	934,000	3,478,000
Net income	**12,080,000**	11,742,000	10,299,000
Earnings per common share, assuming no dilution:			
Income before extraordinary items	**1.10**	.90	.62
Extraordinary items	**(.12)**	.08	.31
Net income	**.98**	.98	.93
Earnings per common share, assuming full dilution:			
Income before extraordinary items	**1.08**	.90	.62
Extraordinary items	**(.11)**	.08	.31
Net income	**.97**	.98	.93
Dividends declared to Castle & Cooke stockholders:			
Cash dividends	**5,525,000**	7,273,000	6,609,000
Per share	**.45**	.60	.60
Stock dividends	**—**	—	5%
Depreciation expense	**12,655,000**	15,676,000	13,295,000
Capital expenditures	**9,328,000**	18,958,000	29,581,000
At Year End*			
Current assets	**265,232,000**	231,941,000	209,964,000
Current liabilities	**136,931,000**	117,667,000	144,366,000
Working capital	**128,301,000**	114,274,000	65,598,000
Ratio of current assets to current liabilities	**1.94 to 1**	1.97 to 1	1.45 to 1
Total assets	**563,480,000**	537,520,000	494,604,000
Long-term debt	**157,399,000**	164,063,000	128,407,000
Minority interests	**17,099,000**	16,315,000	15,547,000
Stockholders' equity	**224,041,000**	216,688,000	193,500,000
Per share	**18.21**	17.84	17.53

* Amounts shown for prior years have been restated to include a subsidiary consolidated for the first time in the current fiscal period and to reclassify under "Current liabilities" deferred income taxes related to current assets in accordance with the Accounting Principles Board Opinion Number 11.

March 31		Eleven Months Ended March 31,	Year Ended April 30			
1970	1969	1968	1967	1966	1965	1964
$503,412,000	$450,285,000	$366,596,000	$344,523,000	$331,738,000	$262,304,000	$206,671,000
20,344,000	15,095,000	12,748,000	9,808,000	11,853,000	9,406,000	9,050,000
11.17%	9.03%	8.26%	6.74%	8.62%	7.58%	8.04%
(2,743,000)	3,533,000	—	1,434,000	—	9,235,000	—
17,601,000	18,628,000	12,748,000	11,242,000	11,853,000	18,641,000	9,050,000
1.86	1.42	1.22	.95	1.16	.94	.93
(.25)	.33	—	.14	—	.92	—
1.61	1.75	1.22	1.09	1.16	1.86	.93
1.79	1.42	—	—	—	—	—
(.23)	.33	—	—	—	—	—
1.56	1.75	—	—	—	—	—
6,254,000	5,455,000	4,317,000	3,987,000	3,656,000	3,476,000	3,465,000
.57	.55	.48	.46	.43	.41	.41
—	100%	—	5%	50%	10%	—
11,795,000	11,019,000	8,512,000	8,277,000	8,022,000	6,563,000	5,057,000
27,079,000	22,878,000	18,715,000	20,124,000	20,960,000	6,744,000	9,675,000
188,705,000	177,053,000	153,008,000	136,293,000	122,880,000	119,040,000	73,689,000
114,364,000	110,129,000	79,727,000	74,447,000	70,170,000	54,500,000	27,157,000
74,341,000	66,924,000	73,281,000	61,846,000	52,710,000	64,540,000	46,532,000
1.65 to 1	1.61 to 1	1.92 to 1	1.83 to 1	1.75 to 1	2.18 to 1	2.71 to 1
448,829,000	418,637,000	352,221,000	306,425,000	271,227,000	248,898,000	160,492,000
116,565,000	111,685,000	95,242,000	58,194,000	32,351,000	25,177,000	10,370,000
14,879,000	13,201,000	11,712,000	17,057,000	18,315,000	27,695,000	2,060,000
189,572,000	174,744,000	159,550,000	148,965,000	141,992,000	133,008,000	115,317,000
17.22	16.34	15.15	14.40	13.80	13.03	11.81

Directors and Officers

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Newhall Land and Farming Company

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†Finance & Audit Committee

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Assistant Secretary

AUDITORS

Haskins & Sells
Honolulu

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Honolulu

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San Francisco

Morgan Guaranty Trust Company of New York
New York

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Bishop Trust Company, Limited
Honolulu

Bank of America, N.T. & S.A.
San Francisco

Bankers Trust Company
New York

DEBENTURE TRUSTEE

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New York

Address inquiries to:
CASTLE & COOKE, INC.
Financial Plaza of the Pacific
P. O. Box 2990, Honolulu, Hawaii 96802
Pacific Coast Office: Fifty California Street, San Francisco, California 94111